

Full Year Ended 31 December 2023



## Positive 2023 performance despite challenging conditions; focus on continuing transformation in 2024

#### 2023

- Performance remained positive despite more challenging conditions driven by continued margin improvement
  - Revenue growth of 7%
  - Adjusted operating profit up **31.0%**
  - Adjusted operating profit margin up 280 basis points to 15%
- ➤ Continuing focus on transformation with progress transitioning service provision to GMP365<sup>TM</sup> data management platform
- Increased contribution from the US
- > Maintaining growth of Digital Media Solutions
- Some client budget cuts in Q4, notably in Continental Europe

#### 2024

- Current trading performing as expected although some volatility in some areas
- Increased transformational change transitioning more client work onto GMP365<sup>™</sup> to improve service delivery, drive efficiency and improve medium and long-term profitability

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#### Continued revenue and adjusted profit growth

Income Statement	December 2023	Represented* December 2022	Change	
	£m	£m	£m	%
Revenue	80.2	75.1	5.1	6.8%
Project related costs	(7.4)	(7.2)	(0.2)	(1.9%)
Staff costs <sup>1</sup>	(48.5)	(47.4)	(1.1)	(2.3%)
Other operating expenses <sup>1</sup>	(12.3)	(11.2)	(1.1)	(9.5%)
Adjusted Operating Profit <sup>1</sup>	12.0	9.2	2.8	31.1%
Net Finance Expense	(2.3)	(1.3)	(1.0)	78.0%
Taxation	(2.6)	(2.0)	(0.6)	27.3%
Adjusted Profit – Continuing operations	7.1	5.8	1.3	22.0%
Highlighted items	(11.2)	(13.4)	2.2	(14.6%)
Statutory Loss – Continuing operations	(4.3)	(7.5)	3.2	(43.2%)
Operating Margin (%)	15.0%	12.2%	-	2.8 pp
Adjusted Diluted Earnings per Share (p)	5.32p	4.46p	0.86p	19.3%

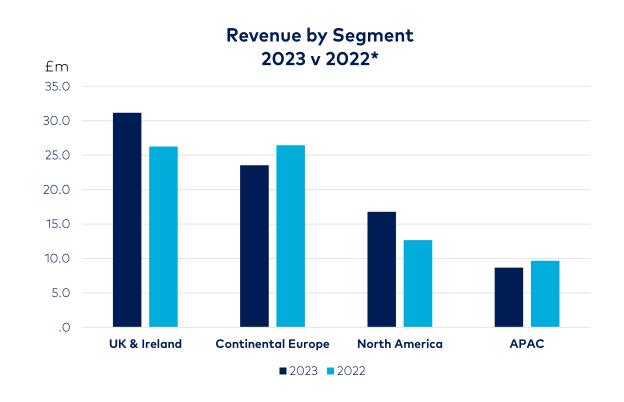
<sup>\*</sup>The prior year results have been re-presented to eliminate the results of Digital Balance Australia Pty Limited. Its results have instead been presented within discontinued operations in both 2023 and 2022 as it was sold in April 2023.



<sup>&</sup>lt;sup>1</sup> Excluding highlighted items.

#### Revenue by segment - Continued revenue growth

- Continued operational momentum with total group revenue growth of 6.8%.
- Continued revenue growth in North America of 33% (2022: 50%),
- Growth in UK & Ireland of 19% driven by large clients
- Continental Europe revenue reduction (11%) Some European clients experienced market pressures, which resulted in budget cuts and a subsequent decline in revenue.
- APAC revenue reduction (10%) mainly due to local Agency Selection market.



<sup>\*</sup>Note that Geographical Segmental Revenue in 2022 was presented in that years' published accounts showing externally billed revenue only. This has now been re-presented to reflect the total revenue for those regions including intercompany revenue adjustments



#### Adjusted operating profit by segment



	Adjusted operating profit margin			
Segment Segment	2023	2022		
	%	%		
UK & Ireland	24.6%	25.3%		
Continental Europe	32.0%	23.9%		
North America	13.6%	7.2%		
APAC	18.5%	18.9%		
Adjusted profit - Continuing Operations	15.0%	12.2%		

- > UK & Ireland: operating profit grew by £1.1m to £7.7m; margin stable at 24.6%
- > Continental Europe: Operating profit margin grew to 32% despite a fall in revenue. Better adoption of sales via the GMP365 platform enhanced margin
- North America: operating profit margin up 6.4 percentage points, due to continued scaling benefits with increasing Digital Media Services sales
- Asia Pacific: operating profit margin down 0.4 percentage points, due in part to China RMB foreign exchange depreciation

#### Transformation continues through 2023

#### **Transformation:**

- Committed to implementing cost savings totalling annualised £5 million.
- Agency Selection. ValueTrack and Benchmarking transitioned to GMP.
- In 2023, 20% of available revenue was delivered on the GMP platform, twice as much as prior year.
- By end of 2023, savings of £1 million have been secured through savings in data and other related production costs

Highlighted Items	2023	2022
Highlighted Items	£m	£m
Amortisation and Impairment	6.3	3.0
Post-acquisition accruals and charges	2.1	7.9
Professional charges relating to acquisitions and aborted acquisitions	1.8	1.9
Reorganisation	1.3	1.9
Share option (credit)/charge	0.6	0.5
Subtotal before tax	12.1	15.2
Tax (credit)/charge on highlighted items	(0.9)	(1.8)
Total	11.2	13.4

- Highlighted items after tax are £11.2 million, £2.2 million lower than 2022.
- Significant items include the goodwill impairment,
   reassessment of MMi earn out and transformation costs.
- > Around £1.0m of highlighted items were paid since the year end



#### Robust balance sheet

- Net assets increased by £5.4m
- Net working capital of £8.4m, reduced slightly from £9.4m prior year
  - Debtor days increased slightly to 69 days from 67 days
     (2022)
- > Deferred consideration £4.0m for MMi
- Net debt of £12.0m comprises £10.0m cash and £22.0m bank loan (2022: cash £12.4m; bank loan £21.5m)
  - > Includes ringfenced cash in Russia of £0.9m (2022: £1.0m)

Dalamas Chast Comers and	2023	2022	
Balance Sheet Summary	£m	£m	
Goodwill and intangible assets	49.2	55.9	
Right of use asset	2.8	3.3	
Other non-current assets	2.5	3.5	
Net working capital	8.4	9.4	
Lease liability	(4.4)	(6.0)	
Other non-current liabilities	(8.0)	(2.7)	
Digital Decisions post-date rem.	-	(15.8)	
Deferred consideration (MMi)	(4.0)	(2.2)	
Net bank debt	(12.0)	(9.1)	
Net assets	41.7	36.3	



#### Cash flow

- Adjusted Cash inflow from operations of £11.5m (2022: £3.8m)
- > Investing activities include:
  - > £1.6m R&D additions (2022: £0.2m)
  - £0.4m tangible asset additions (2022: £0.3m)
  - Offset by £0.4m sale proceeds from DBA sale
  - > 2022 included £17m acquisition of MediaPath and MMi
- > Financing activities include:
  - Net £0.5m drawdown of loan facility (2022: £3.5m)
  - Lease payments of £2.5m (2022: £2.6m)
  - 2022 included acquisition related share capital issue of £14.4m

Cash Flow	2023	2022	
(including highlighted items)	£m	£m	
Adjusted Cash generated from Continuing operations	11.5	3.8	
Post date remuneration paid	(6.4)	-	
Interest and Tax	(3.3)	(2.6)	
Net cash generated by operating activities	1.8	1.2	
Net cash used in investing activities	(1.6)	(17.5)	
Net cash generated by financing activities	(2.0)	15.0	
Net (decrease) in bank and cash	(1.8)	(1.3)	
Opening cash balances	12.4	13.1	
Foreign exchange variance	(0.6)	0.6	
Cash balances at end of period	10.0	12.4	

Cash conversion improved to 122% from 65% in 2022.



## Group net debt summary

Our financial position remains strong

Bank facility totals £30 million through to 24th April 2028

Covenants under bank facility applying:

- Interest cover at > 3.0
- Adjusted leverage < 2.5
- Adjusted deferred consideration leverage < 3.5

Liquidity	2023	2022	
Liquidity	£m	£m	
Gross Debt	(22.0)	(21.5)	
Cash Balances*	10.0	12.4	
Loan fee prepayments	0.1	0.3	
Net Bank Debt	(11.9)	(8.9)	
Undrawn Facilities	7.1	8.5	

<sup>\*</sup> Cash includes ringfenced cash in Russia of £0.9m (2022: £1.0m)

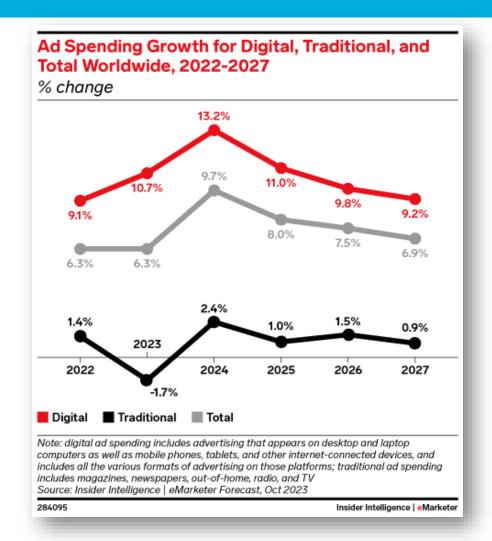


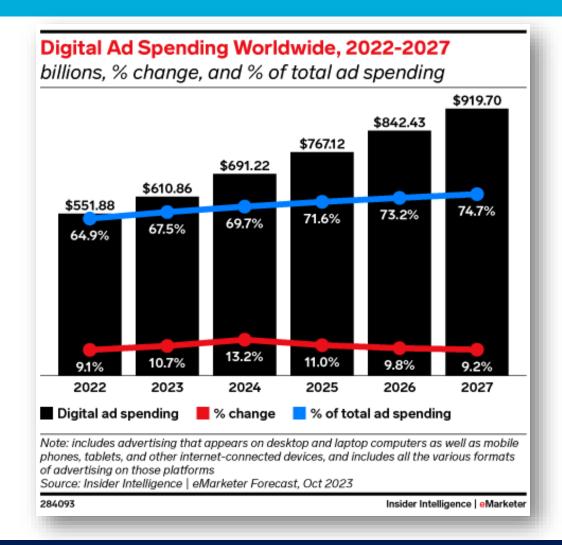
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## Market context

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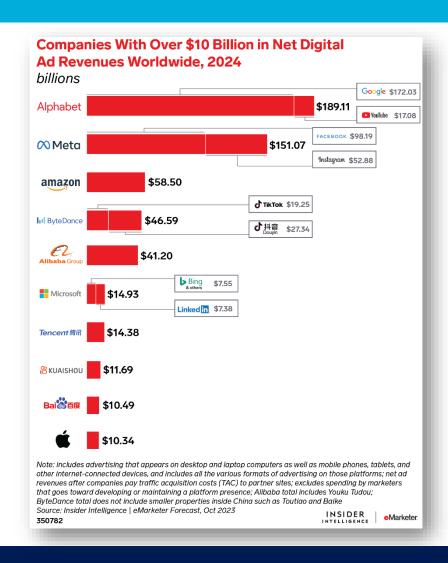
## Digital advertising growth remains strong

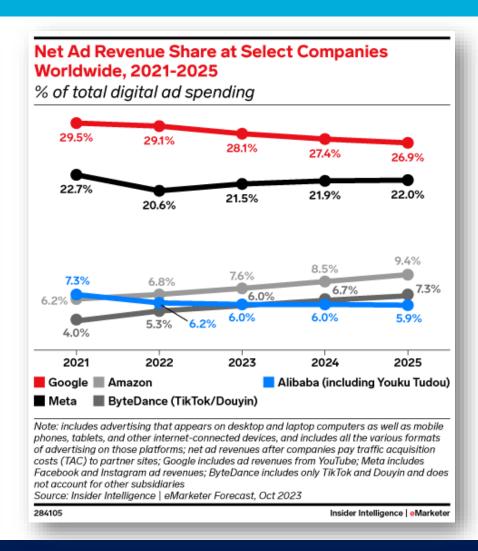






## Digital market share dominated by five companies





## Market context and Ebiquity's role

- > Ebiquity is a data analysis company providing actionable intelligence and consultancy services for advertisers globally
- > Our expertise lies in analysing large quantities of **media transaction data** to **eliminate wasteful** spend and find opportunities to improve the **efficiency** and **effectiveness** of media investments
- > A highly scaled market, forecast to reach **US\$1 trillion** in 2024 (Source: eMarketer)
- > Great **complexity** channel proliferation, audience targeting and measurement, adtech and martech suppliers, major transparency issues
- > Very **dynamic** Advanced TV, Retail Media, Influencer Marketing, Tik Tok
- > The nature of the market provides opportunity for Ebiquity to add **value** for advertisers

## Our service offering

### Services provided through four Service Lines



### Media Management

The right media models, partners, operations, processes and technology to achieve objectives



#### Media Performance

Greater
 transparency,
 governance,
 efficiency and
 accountability of
 media investments



#### Marketing Effectiveness

Attributed, forecast, and optimise investments to improve business outcomes and increase ROI

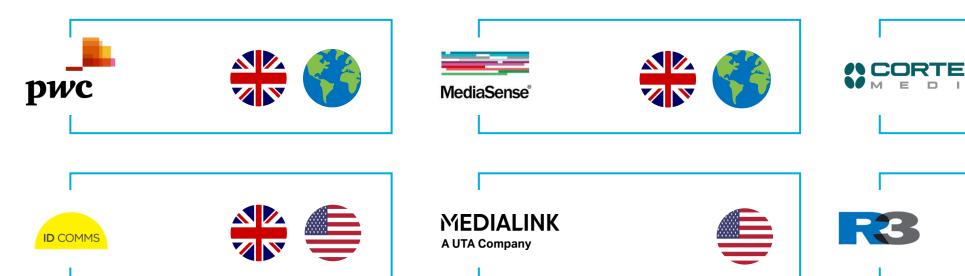


## Contract Compliance

- Provided through the FirmDecisions brand
- > Ensuring agency compliance with contractual terms, delivering transparency and insights, and returning value owed



## Media Management and Media Performance competition











## Media Management and Media Performance – total addressable market

#### **Media Management**

- > US\$35bn of media spend reviewed globally in Agency Selection processes in 2023
- > 55% national vs 45% multi-market
- > 37% in the US
- > 79% of multi-market managed by a consultant (US\$12bn)
- > Ebiquity No1 market share with 33% of volume (MediaLink 19%, PwC 10%, MediaSense 9%)
- > Estimated fee income opportunity c £30-40m

Source:- COMVergence Spotlight Report, April 24

#### **Media Performance**

- > World's top 100 advertisers c \$100bn spend
- > Estimated fee income opportunity c £100-200m



## Marketing Effectiveness – competition and total addressable market

- > UK market estimated fee income opportunity c £75m
- > US market c 5x
- > Continental Europe and Asia Pacific much less developed
- > Larger advertisers may have their own Marketing Effectiveness teams in-house
- Most media agencies have this capability









Ekimetrics.



## Contract Compliance – competition and total addressable market

- > World's top 100 advertisers c \$100bn in ad spend
- > Estimated total fee income opportunity c £30m
- > Expansion opportunity into other marketing disciplines











## Competitive advantage



Market authority through scale of data pools – \$32bn media value in data lakes; 3.1tr impressions



Global reach - analysis of 122 countries; experts in-market representing 80% of global ad spend



Client roster - >75 of the world's largest advertisers



Innovation - CO2 emissions, harmful disinformation, Connected TV, Retail media, Influencers



**Technology** - underpinned by technological excellence

## Progress against strategy

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## **Strategic objectives**



#### Geography

Accelerate growth in North America and Asia Pacific



#### **Product**

Productized digital services, innovation for rapidly growing channels, diversify service offering



#### Clients

Develop higher value strategic relationships



### Operating Efficiency

Increase automation, transform operating model



## Transformation programme

- > Purpose of the transformation programme is to improve the operating efficiency of the business
- > Changing from people intensive collection and analysis of data by in-market teams
- > To increased use of technology and globally mutualised delivery teams in lower cost centres
- > And to enhance client experience through more timely reporting, greater accuracy, globally consistent methodology, and "always on" visibility of data

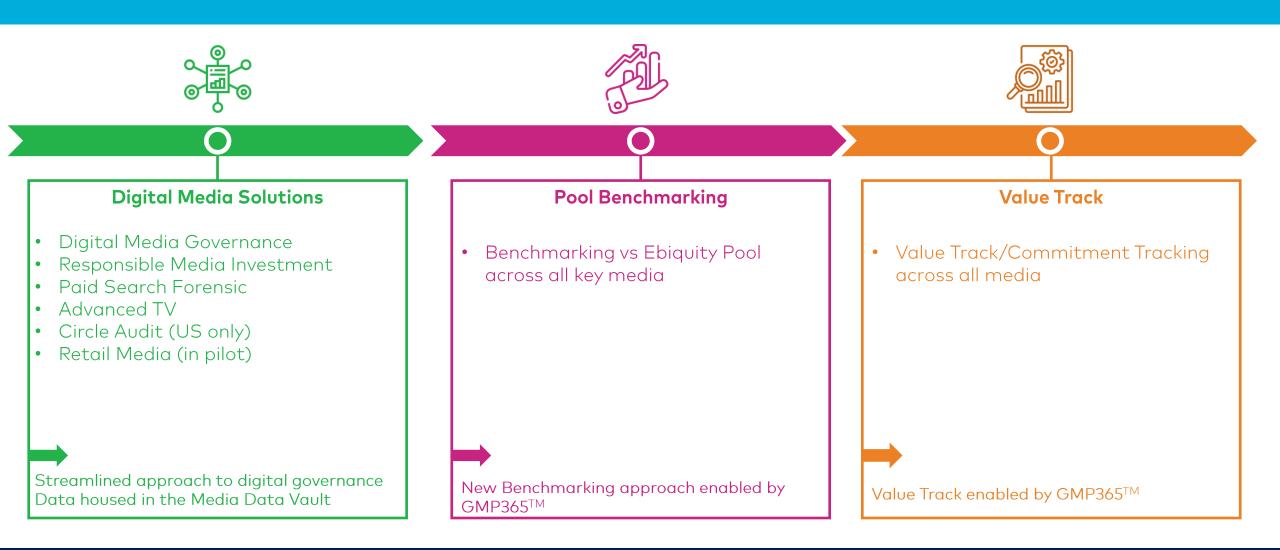
## Transformation programme – progress through 2023

- The programme involves the transition of service delivery on to the GMP365<sup>™</sup> data management platform for Agency Selection work (Media Management), ValueTrack and Benchmarking (Media Performance)
- > Significant investment in training with c 50% of Ebiquity workforce having experienced training on the platform, and extensive engagement with clients and agencies
- > Re-organisation of most staff into in-market client management teams, and globally mutualised delivery teams and product development teams
- Media Management 49 separate agency selection processes from 35 clients, mostly multi-market, delivered on the GMP365<sup>™</sup> platform in 2023
- Media Performance 59 clients buying ValueTrack delivered on the GMP365™ platform in 2023
- › A deep data lake of US\$ 15bn of media transaction data now held on the platform
- > Extensive work developing a new globally consistent benchmarking product (Media Performance), first testing in Q4 with two international clients across 23 markets, with a measured wider roll out through 2024

## Transformation programme – challenges experienced

- > The media agencies are key stakeholders required to provide the data for our analysis. Our new approach necessitates wholesale changes in process
- > Clients have been used to buying highly customised services. Increased use of technology has client benefits but reduces degree of customisation
- > Local market nuance requiring more software development than anticipated
- > Change from in-market teams managing end-to-end processes to a mutualised global delivery service has required reengineering internal processes
- > Creating a globally consistent product for clients has required a change in methodology across markets leading to extensive internal training, client and agency engagement
- > The consequence of these challenges are slower conversion to GMP365™ than envisioned

## An evolved Media Performance product portfolio



## Continued progress of the Digital Media Solutions portfolio



- Productised solutions designed to help advertisers eliminate waste from their digital supply chain – more than US\$1bn value identified since inception
- There are now 84 clients buying from the portfolio of digital media solutions
- > 2023 revenue growth of 22% and maintaining strong margins
- Now represents 10% of total group revenue
- Increasingly deep data lake >US\$14bn of digital media transaction data from 2.7 trillion impressions
- Ingestion of digital data from previous activities increases the data lake to a total of US\$17bn and 3.1 trillion impressions

## New developments in the Digital Media Solutions portfolio



- First development of AI use case to speed internal data processing
- CO2 measurement solution now available as a module within Governance
- Advanced TV product for the US has demonstrated a clear value proposition; now in process of scaling
- Improved automation of Paid Search product to increase capacity
- Retail Media product in live pilot phase
- Product development opportunities under review for Influencer Marketing, and Attention Metrics



## North America:- strong performance in 23, but increased competition in 24

#### 2023:- North America was the standout performer with revenue growth of 32%

- > Adjusted operating profit margin has continued to improve to 14%
- > Success largely driven by increased sales of digital solutions and expanding relationships with existing clients, and productive new business activity with the addition of several new logos

#### **2024:-** sharp reaction from competition

Action plan - moved on to war footing. Increase outbound prospecting. Extensive roadshows - "divide and conquer" continental USA



## Stability in Europe and some softness in Asia Pacific

**2023:-** resilient performance in the **UK** despite difficult market conditions

Somewhat varied performance in Continental Europe with strength in France and Spain, but softness in Germany and Italy

**2024:-** the European business has started the year well

> Italian business demonstrating good recovery in H1



**2023:-** some setbacks in the **Asia Pacific** region

- Steady progress in China, but weakness in the Australian business and Contract Compliance work
- Less Media Management activity across Asia than is typical.

**2024:-** Contract Compliance and Media Management work expected to return to growth

- > China, Southeast Asia and India have started well
- Turnaround of the Australian business not yet progressing sufficiently



## Development of higher value strategic clients globally

- > Revenue from universe of higher value strategic clients +15.5%
- > 101 clients now buying two or more Service Lines
- Have successfully expanded relationships including major global **Media Management** work for **FERRERO** and **SOLOTION** global **Media Performance** work for **SOLOTION** ONE CONCENSION OF THE PROPERTY OF THE PROP
- > Multi-market Media Management assignments for Beiersdorf and (



## Regional new business and client development

- Securing new business from AMCEN and Johnson & Johnson has contributed to the growth in North America, and the expansion of services provided to GM
- Telationship has expanded into Europe for Media Performance work
- In **Asia Pacific** the China business has produced a steady string of new business wins including major domestic advertiser



Global relationships with and L'ORÉAL have grown in Southeast Asia

## Summary

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## Strong progress against operating metrics

		2020a	2021a	2022a	2023a
	# clients buying 2+ service lines	58	76	97	101
	# clients buying Digital Media Solutions	10	28	55	84
	Volume of digital impressions analysed in Media Data Vault - trillions	0.1	0.6	1.4	2.7
\$	Value of digital advertising analysed in Media Data Vault	<b>\$0.</b> 5bn	\$3.0bn	\$6.6bn	\$14.1bn
242	# clients serviced on GMP365™	-	-	55*	83
	% revenue derived from digital services	25%	29%	32%	36%

<sup>\*</sup> At time of MediaPath acquisition in April 2022



## Summary and outlook: committed to enhancing client service, efficiency and improved profitability

#### 2023

- Delivered continued growth and margin improvement despite more challenging market conditions that included some budget cuts in Q4
- US performed well winning new business and crossselling our digital solutions
- Developed higher value strategic clients with further cross-selling of Service Lines and expanded geographic relationships
- Streamlined Digital Media Solutions portfolio for greater clarity
- Innovated new products for growing media segments that currently lack governance
- Successfully transitioned significant agency selection work (Media Management) and ValueTrack (Media Performance) onto GMP365<sup>TM</sup>

#### 2024

- > Benchmarking (Media Performance) roll out a major focus in 2024 from Q1
- Current trading as expected but with some areas of volatility and competitive pricing actions
- A year of very extensive transformation work, internally and externally
- Committed to delivering enhanced client service, greater efficiency and increased medium and long-term profitability



# Ebiquity is the world leader in media investment analysis

We deliver data-driven solutions that <u>create value and eliminate waste</u>, enabling brand owners to <u>increase returns</u> from their media investments and <u>improve business outcomes</u>

Our independent, fact-based advice is delivered through four service lines:

> Media Management

Media Performance

- Marketing Effectiveness
- Contract Compliance

We stand out because we do things differently:



#### Independent advice

We can provide independent advice and solutions because we have no commercial interest in any part of the media supply chain



#### Unparalleled data expertise

We analyse c.\$100bn of media spend and contract value from 110 countries annually, including trillions of digital impressions



#### Innovating for the future

Solutions for the challenges of today and tomorrow, including CO2 emissions, disinformation, diversity, and rapidly emerging channels



#### Global reach and expertise

We cover 80% of the global advertising market providing us with the most comprehensive, independent view of the world's media investments